

Marcus & Millichap
TAG INDUSTRIAL GROUP

ServiceKing
COLLISION REPAIR CENTERS

SERVICE KING

7924 HIGHWAY 6 NORTH

HOUSTON, TX 77095

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Marcus & Millichap
TAG INDUSTRIAL GROUP

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TABLE OF CONTENTS

01

INVESTMENT OVERVIEW

SECTION 1

Offering Summary • Property Details • Offering Highlights • Rent Roll • Operating Statement
Regional Map • Aerial Map • Property Photos
Tenant Summary • Acquisition Financing

02

MARKET OVERVIEW

SECTION 2

Market Analysis • Demographic Analysis

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SECTION 1

INVESTMENT OVERVIEW

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OFFERING SUMMARY

- Long-Term Lease in Place with Strong National Tenant, Service King
- Tenant Has Been in the Current Building Since 2009, Triple Net Lease in Place
 - 12 Years Remain on the Current Lease with One, Five-Year Option
 - Metal Construction, 3-Phase Power, 17 Grade-Level Doors
- Houston Market Vacancy Slowly Trickling Down from 8.6% to 6.9% Throughout 2021
- Highway Access Offers Short Drive to Central Houston Areas as Well as IAH Airport
 - Property in Close Proximity to Highway 6 and US 290
- Service King Services 24 Different States Across the United States, Including 96 Locations in Texas

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 7924 Highway 6 North in Houston, Texas, leased to Service King Collision. The subject property consists of approximately 26,019 square feet of space and is situated on 3.38 acres of land. The asset features metal construction, 3-phase power, and 17 grade-level doors. With close proximity to State Highway 6 and U.S. Route 290, the property is just a short drive to Central Houston and the George Bush Intercontinental Airport. Since 2009, Service King Collision has occupied the subject property, and is currently signed to a triple net lease with 12-years remaining, consisting of one 5-year renewal option. With 335 locations across 24 states and the District of Columbia, Service King is one of the largest auto collision repair companies in the country. Founded in Dallas, Texas in 1976, Service King operates 96 locations in Texas alone (Service King).

The subject property resides within West Outer Loop, one of Houston's largest submarkets with an inventory base of 30.6 million square feet. Thanks to the Houston area's rapid household growth, expansion has been pushed outwards, increasing industrial demand in the West Outer Loop submarket. Despite over 882,000 square feet of industrial space being delivered during 2020 (a 14-year high), the vacancy rate declined over the last year to 4.5 percent in Q4 2021. This compares to the 6.9 percent vacancy rate for the overall Houston market, which is down from 8.6 percent in Q1. At 4.3 percent, the annual growth rate on market rents is rising at the highest pace in over 5 years. With the average square foot marketed at \$8.24 for lease, landlords in West Outer Loop enjoy a slight 4 percent premium over the Houston market average (CoStar).

As the fifth most populous metro area in the U.S., Houston houses nearly 6.9 million people in southeastern Texas. The market is composed of nine counties: Harris, Galveston, Brazoria, Fort Bend, Chambers, Montgomery, Austin, Liberty and Waller. The Gulf of Mexico, which borders the metro to the southeast, provides access to markets around the world via the Port of Houston, making it a prime location for import/export. Houston's economy has diversified in recent years, with the healthcare and technology sectors showing strong growth. As Houston's population continues to grow, primarily to the northwest, many companies are expanding to the region to provide goods and services to the increasing population.

PROPERTY DETAILS

SERVICE KING

7924 HIGHWAY 6 NORTH, HOUSTON, TX 77095

Number of Suites	1
Number of Buildings	1
Total Square Feet	26,019
Year Built	2007
Lot Size	3.38 Acres
Type of Ownership	Fee Simple
Clear Height	14'
Parking Spaces	102
Parking Surface	Concrete
Building Class	C
Tenancy	Single
Grade Level Doors	17
Construction	Metal
Power	3 Phase
Market	Houston
Submarket	West Outer Loop
Market Vacancy	6.30%



SERVICE KING

7924 HIGHWAY 6 NORTH, HOUSTON, TX 77095

OFFERING PRICE
\$5,500,000CAP RATE
6.55%PRO-FORMA CAP RATE
6.89%

Offering Price	\$5,500,000
Cap Rate	6.55%
Pro-Forma Cap Rate	6.89%
Price/SF	\$211.38
Total Square Feet	26,019
Rental Rate	\$13.84
Lease Type	Triple Net (NNN)
Lease Term	12 Years Remaining
Rental Increases	See Rent Roll*
Tenancy	Single
Occupancy	100.00%

FINANCING

Loan Amount	\$4,125,000
Loan Type	New
Interest Rate	3.5% - 4.0%
Amortization	25 Years
Year Due	5-10 Years

Loan information is subject to change. Contact your Marcus & Millichap Capital Corporation representative.

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, express or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2021 Marcus & Millichap. All rights reserved. (Activity ID: ZAC0040533)

RENT ROLL

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates		Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Changes on	Rent Increase	Lease Type	Renewal Options and Option Year Rental Information
				Comm.	Exp.								
Service King	1	26,019	100.0%	1/1/09	12/31/33	\$13.84	\$30,000	\$360,000	\$378,948	Jan-2024	\$31,579	NNN	One 5-Year Renewal Option
Total		26,019				\$13.84	\$30,000	\$360,000	\$378,948				
Occupied Tenants: 1				Unoccupied Tenants: 0		Occupied GLA: 100.00%		Unoccupied GLA: 0.00%					
Total Current Rents: \$30,000						Occupied Current Rents: \$30,000		Unoccupied Current Rents: \$0					

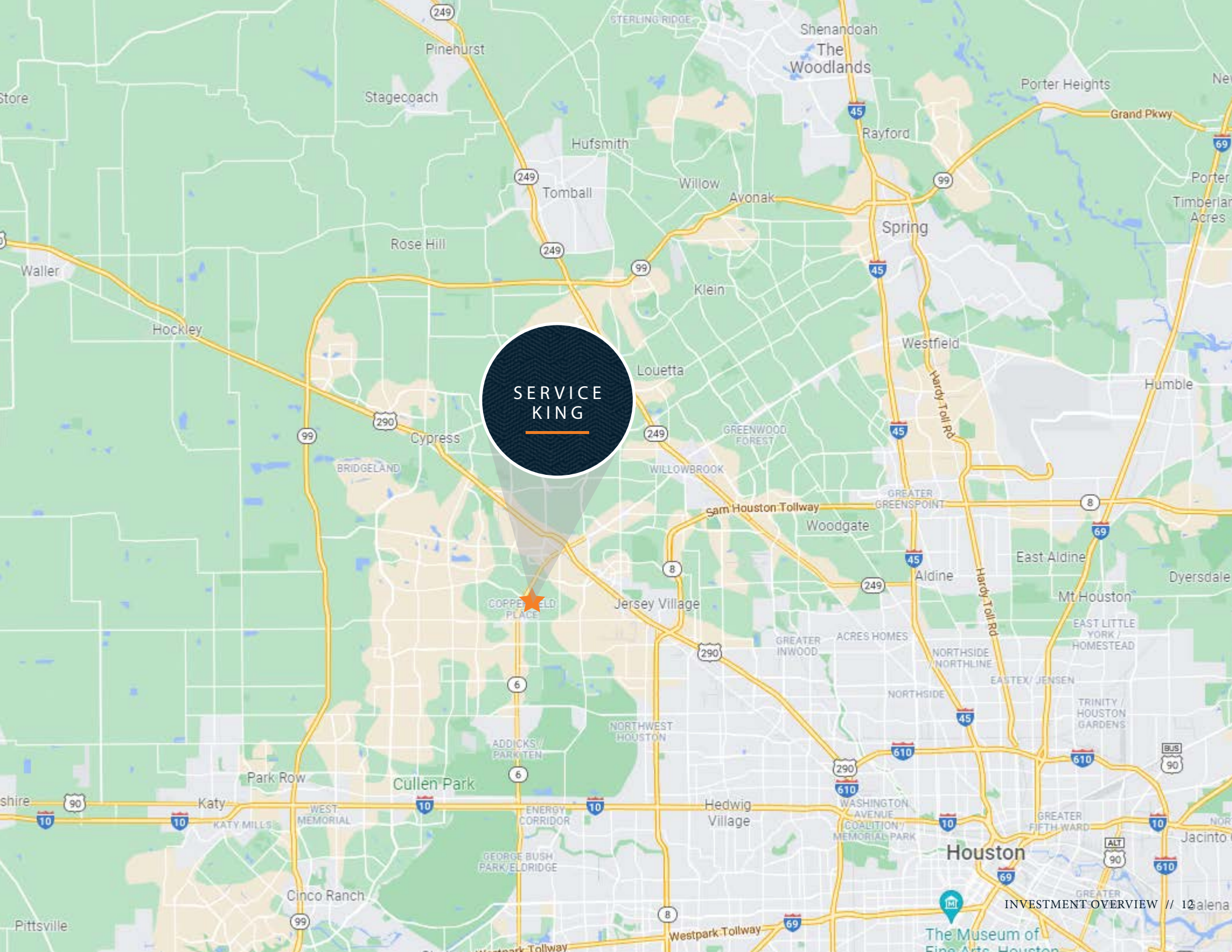
Notes:

Square Footage Varies on Harris County Appraisal District (25,008 sf) and Lease (26,019 sf)

Rental Increases: 5.26% increase in January 2024, 10% increase in January 2029, 10% increase in 2034 (If Renewed)

OPERATING STATEMENT

Income	Current	Per SF	Pro Forma	Per SF
Scheduled Base Rental Income	360,000	13.84	378,948	14.56
Expense Reimbursement Income				
Net Lease Reimbursement				
Insurance	10,003	0.38	10,003	0.38
Real Estate Taxes	41,517	1.60	41,517	1.60
Total Reimbursement Income	\$51,520 100.0%	\$1.98	\$51,520 100.0%	\$1.98
Effective Gross Revenue	\$411,520	\$15.82	\$430,468	\$16.54
Operating Expenses				
Insurance	10,003	0.38	10,003	0.38
Real Estate Taxes	41,517	1.60	41,517	1.60
Total Expenses	\$51,520	\$1.98	\$51,520	\$1.98
Expenses as % of EGR	12.5%		12.0%	
Net Operating Income	\$360,000	\$13.84	\$378,948	\$14.56



Walgreens

SERVICE KING

Service King
Collision Copperfield

Horsepen Cr Horsepen

Burger King



TENANT SUMMARY

“Service King strives to be the collision repair operator of choice by providing a secure, fulfilling workplace that motivates our teammates to deliver safe, superior repairs with excellent customer service while ensuring sustainable, profitable growth and opportunity.”

TENANT

Service King Collision

HEADQUARTERS

Richardson, TX

DATE FOUNDED

1976

REVENUE

\$1 Billion

EMPLOYEES

6,000

www.ServiceKing.com



Service King Collision was founded more than 40 years ago in Dallas, Texas by Eddie Lennox, a young businessman and repair technician, who aimed to provide a different type of auto repair experience for customers. With the help of a \$10,000 loan by his neighbor, the business began inside a single body shop in West Dallas. In 1980, Service King became one of the first collision repair centers to offer free loaner vehicles to customers during the repair process. By placing the customer at the center of the repair experience, Service King has steadily grown into the premier auto collision repair provider of choice across the nation. Each Service King repair is backed by a lifetime warranty.

During 2012, The Carlyle Group purchased majority ownership of Service King as the company prepared to expand its high-quality collision repair service across the U.S. Fueled by national growth, premier global investment and advisory group Blackstone purchased majority ownership of Service King in 2014, further establishing the organization as an industry leader.

Today, Service King's staff of more than 6,000 serves over 500,000 customers each year across 335 locations in 24 states and the District of Columbia. By working hand-in-hand with dozens of leading auto insurance companies, Service King has made the repair experience as seamless as possible.

CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources, providing the most competitive rates and terms.

We leverage out prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac, and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues for the benefit of our clients.



Closed 1,944 debt and equity financings in 2019



National platform operating within the firm's brokerage offices



\$7.18 billion total national volume in 2019



Access to more capital sources than any other firm in the industry

WHY MMCC?

Optimum financing solutions to enhance value

Enhanced control through MMCC's ability to qualify investor finance contingencies

Enhanced control through quickly identifying potential debt/equity sources, processing, and closing buyer's finance alternatives

Enhanced control through MMCC's ability to monitor investor/due diligence and underwriting to ensure timely, predictable closings



SECTION 2

MARKET OVERVIEW

Marcus & Millichap

HOUSTON TEXAS

As the fifth most populous metro area in the U.S., Houston houses more than 7.1 million people in southeastern Texas. Roughly one third of residents live in the city of Houston. The market is composed of nine counties: Harris, Galveston, Brazoria, Fort Bend, Chambers, Montgomery, Austin, Liberty and Waller. The Gulf of Mexico, which borders the metro to the southeast, provides access to markets around the world via the Port of Houston, making it a prime location for exports. Local industries have diversified from oil to technology and healthcare. Many companies provide goods and services for the large population growth, which has sprawled, primarily to the north and west.



CORPORATE
GROWTH



HIGHER
EDUCATION



LOW COST OF LIVING,
DOING BUSINESS

METROPLEX GROWTH

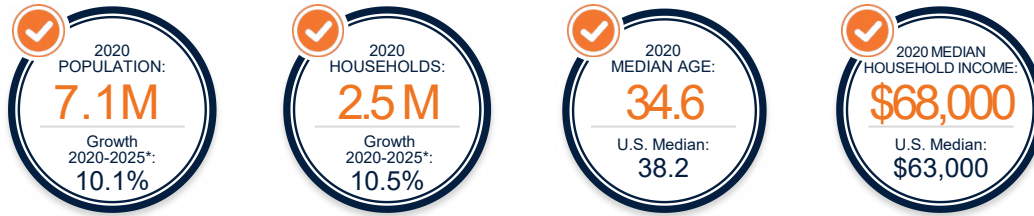
ECONOMY

The economy is diversifying to include biotechnology, distribution, nanotechnology and logistics; the metro remains the center of energy production. Local product manufacturing is a large segment of the economy and includes paper, electrical and electronic machinery, iron, steel and petrochemicals. Healthcare is gaining economic prominence. Specialized medical education and training institutions boost the local economy and supply a growing hospital system. The Port of Houston is one of the country's busiest for exports, supplying thousands of jobs and generating billions of dollars in revenue.



METROPLEX GROWTH

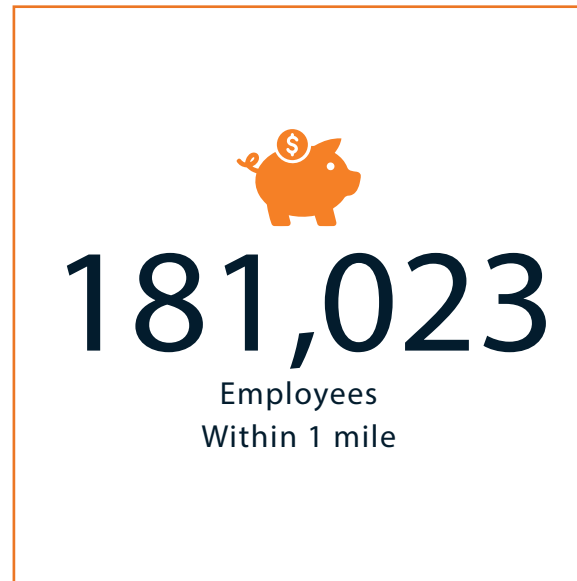
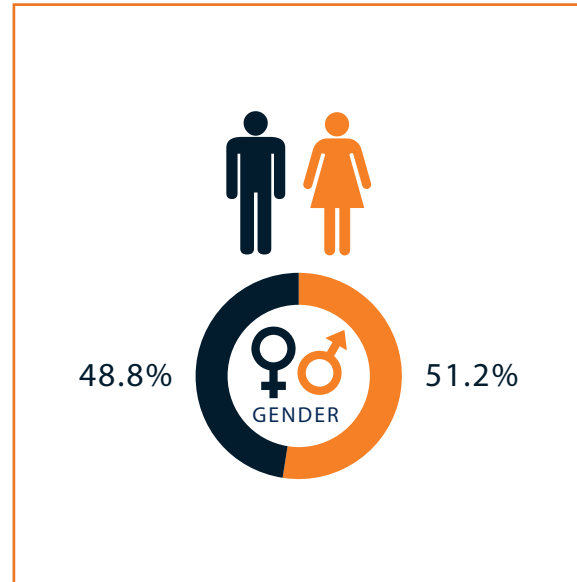
The Houston metro is expected to add 720,700 people through 2025, translating to the formation of roughly 263,600 households, generating demand for housing. The homeownership rate of 61 percent slightly trails the national rate of 64 percent. The median home price of roughly \$282,000 is \$40,000 below the U.S. average. The metro's median household income exceeds \$68,000, surpassing the national rate by roughly \$5,000.



The metro's favorable location and climate translates to an abundance of outdoor activities. More than a dozen state parks and recreation areas lie within a short drive of Houston, as well as more than 500 local parks and open spaces and various cultural venues and museums. Johnson Space Center is a popular tourist and educational destination. The metro is also known internationally for its medical community and is home to the Texas Medical Center, the largest of its kind in the world. Houston hosts four professional sports teams: the Houston Texans, the Houston Astros, the Houston Rockets and the Houston Dynamo.



DEMOGRAPHICS



DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Population	15,265	150,267	363,679
2021 Estimate			
Total Population	14,520	141,790	333,633
2010 Census			
Total Population	12,965	125,084	278,514
2000 Census			
Total Population	13,574	84,921	172,765
Daytime Population			
2021 Estimate	14,489	115,483	285,560
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Households	6,048	52,148	122,900
2021 Estimate			
Total Households	5,676	48,799	112,364
Average (Mean) Household Size	2.5	2.9	3.0
2010 Census			
Total Households	4,990	42,643	93,382
2000 Census			
Total Households	4,736	28,648	59,094

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2021 Estimate			
\$200,000 or More	12.9%	6.9%	7.7%
\$150,000-\$199,999	11.1%	8.0%	8.6%
\$100,000-\$149,999	23.8%	19.2%	19.7%
\$75,000-\$99,999	14.3%	14.6%	14.9%
\$50,000-\$74,999	14.7%	19.6%	18.9%
\$35,000-\$49,999	8.0%	11.4%	11.5%
\$25,000-\$34,999	5.5%	7.6%	7.3%
\$15,000-\$24,999	6.3%	6.7%	6.0%
Under \$15,000	3.4%	5.9%	5.4%
Average Household Income	\$127,595	\$98,352	\$101,714
Median Household Income	\$96,073	\$73,465	\$76,376
Per Capita Income	\$49,882	\$33,862	\$34,274
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2021 Estimate Total Population	14,520	141,790	333,633
Under 20	22.6%	30.4%	31.1%
20 to 34 Years	19.8%	21.1%	20.4%
35 to 39 Years	5.7%	7.4%	7.5%
40 to 49 Years	12.0%	14.3%	14.4%
50 to 64 Years	26.2%	18.5%	17.7%
Age 65+	13.8%	8.3%	8.9%
Median Age	41.8	34.0	34.0
Population 25+ by Education Level			
2021 Estimate Population Age 25+	10,365	89,374	208,651
Elementary (0-8)	1.7%	6.0%	5.7%
Some High School (9-11)	3.8%	6.5%	6.2%
High School Graduate (12)	17.7%	22.3%	22.3%
Some College (13-15)	24.7%	22.9%	23.0%
Associate Degree Only	6.4%	7.8%	7.8%
Bachelor's Degree Only	31.0%	24.6%	24.6%
Graduate Degree	14.6%	10.0%	10.3%
Travel Time to Work			
Average Travel Time to Work in Minutes	38.0	36.0	36.0



INFORMATION ABOUT BROKERAGE SERVICES

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

11-2-2015

TYPES OF REAL ESTATE LICENSE HOLDERS:

- A BROKER is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A SALES AGENT must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Buyer/Tenant/Seller/Landlord Initials

Date

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